



**Assembly Budget Hearing
February 7, 2022**

**Bringing Care within Reach: Promoting California Marketplace Affordability and
Improving Access to Care in 2023 and Beyond**

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COVERED CALIFORNIA REPORTS RECORD ENROLLMENT FOLLOWING AMERICAN RESCUE PLAN SUBSIDIES

- Building upon California's state-funded premium assistance, the American Rescue Plan expanded federal premium subsidies to middle-income Marketplace consumers over 400% of the federal poverty level (FPL), and significantly reduced premium contributions for individuals under 400% of FPL. Enhanced subsidies are in effect through 2022.
- With expanded this premium affordability, two-thirds of Covered California enrollees are now eligible for coverage for \$10 or less per month.
- Increased premium affordability has been accompanied by record Marketplace enrollment – **Covered California reported a record-high 1.8 million sign-ups leading into the final week of Open Enrollment for plan year 2022.**

DESPITE IMPROVED PREMIUM SUPPORT, COST-SHARING SUPPORT IS STILL LIMITED

- ❑ **Cost-sharing support is still limited to lowest income enrollees** – those with incomes up to \$32,200 for an individual and \$66,2250 for a family of four.

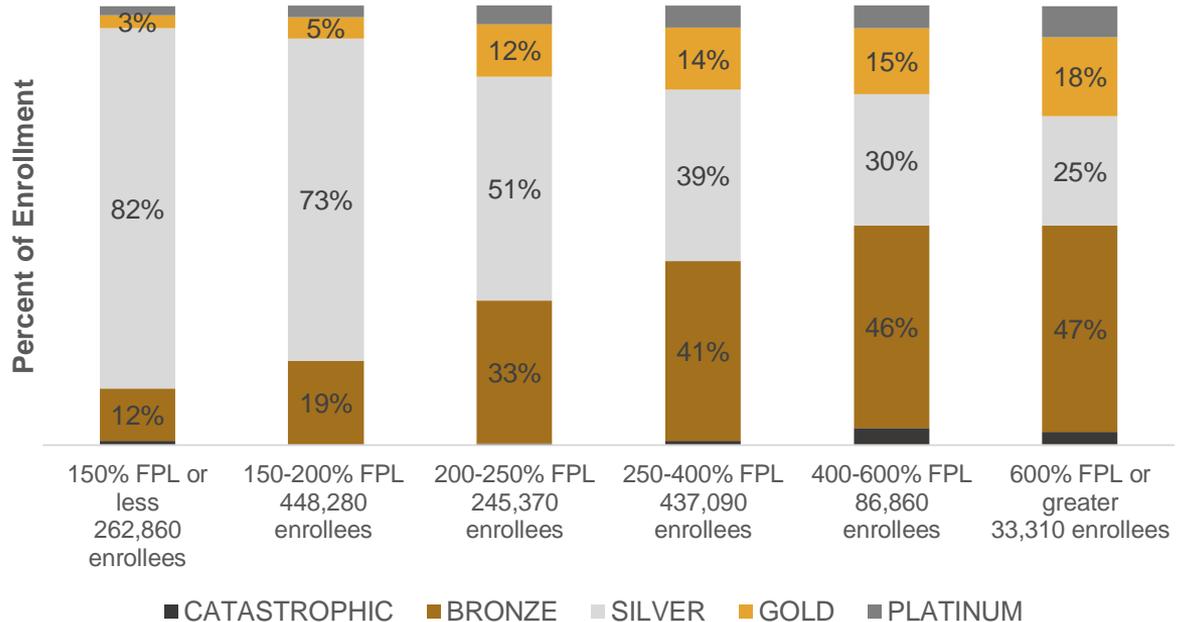
Eligibility for Cost-Sharing Reduction Plans and Selected 2022 Cost-Sharing Amounts

Cost-Sharing Reduction Plan	Income Eligibility by Federal Poverty Level	Deductibles (Individual/Family)			Maximum Out-of-Pocket Limit	Primary Care Office Visit	Generic Drugs
		Outpatient Care	Drugs	Inpatient Care			
Silver 94	Up to 150%	\$0 / \$0	\$0 / \$0	\$75 / \$150	\$800 / \$1,600	\$5	\$3
Silver 87	151-200%	\$0 / \$0	\$0 / \$0	\$800 / \$1,600	\$2,850 / \$5,700	\$15	\$5
Silver 73	201-250%	\$0 / \$0	\$10 / \$20	\$3,700 / \$7,400	\$6,300 / \$12,600	\$35	\$15*
Silver 70	N/A	\$0 / \$0	\$10 / \$20	\$3,700 / \$7,400	\$8,200 / \$16,400	\$35	\$15*

COST-SHARING SUPPORT AND IMPLICATIONS FOR COVERAGE CHOICES AND UTILIZATION

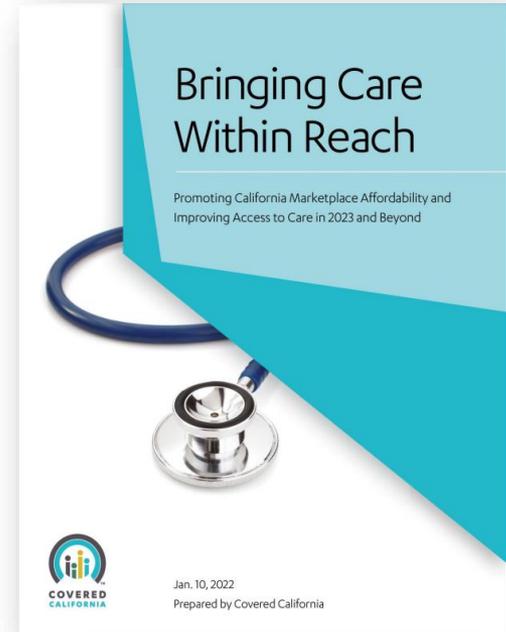
- More than 70% of enrollees eligible for cost-sharing reductions enroll in those plans, but the share of Bronze enrollees by income group increases significantly as cost-sharing support phases out.
- Bronze enrollees report delaying care due to cost at three times the rate of Silver 94 enrollees.

Distribution of Metal Tier Choice, by Federal Poverty Level (FPL) Bracket



BRINGING CARE WITHIN REACH

- ❑ Covered California released “[Bringing Care within Reach: Promoting California Marketplace Affordability and Improving Access to Care in 2023 and Beyond.](#)”
- ❑ This report provides specific options for how California – or other states – could use state funds or federal funds that are anticipated in concept in the proposed Build Back Better Act to expand cost-sharing support.
- ❑ Accompanying the report is an [Issue Brief](#) and a companion detailed analysis produced by our actuaries at [Milliman](#).
- ❑ Options were developed with input and engagement from our stakeholder working group.
- ❑ Report was developed in compliance with the 2021-2022 State Budget (AB 128) and Health Omnibus trailer bill (AB 133).



FEDERAL LEGISLATION WOULD EXTEND PREMIUM SUPPORT AND FUND ENHANCED COST-SHARING

The Build Back Better Act – or similar federal policy – would extend premium help and provide federal funding to enhance cost-sharing support:

- Extend American Rescue Plan subsidies through 2025 (currently set to expire at the end of 2022).
- Establish an affordability fund that would provide \$10 billion per year between 2023 and 2025 for Marketplaces to lower enrollee costs, including through reducing cost-sharing such as copays and deductibles.

POTENTIAL FUNDING SCENARIOS FOR EXPANDED COST-SHARING PROGRAMS

In developing the report, Covered California considered three policy scenarios:

- American Rescue Plan (ARP) premium subsidies expire in 2022. Premium subsidies would return to original Affordable Care Act levels, and the state would face tradeoffs in funding cost-sharing programs or increased state-based premium support.
- ARP premium subsidies are extended with additional federal cost-sharing support. Federal legislation (such as Build Back Better) would extend ARP premium assistance, and California would receive a portion of the \$10 billion in annual funding for 2023 to 2025.
- ARP premium subsidies are extended without additional federal cost-sharing support. In this scenario, federal funds would continue to fund ARP premium support, but only state funding could be used for a cost-sharing program. The 2021-2022 state budget (Assembly Bill 128) and health omnibus trailer bill (Assembly Bill 133) redirected \$333.4 million to be used for affordability programs beginning in 2023.

SCENARIO 1: AMERICAN RESCUE PLAN SUBSIDIES ARE NOT EXTENDED BEYOND 2022

- In the case that no federal action is taken to extend American Rescue Plan premium subsidies beyond 2022, **Covered California enrollees would lose an average of \$100 per household per month in assistance and a total of \$1.6 billion annually in premium assistance.**
- State funds could be used to fund to restore the California premium subsidy program in some form, although the estimated annual value of ARP subsidies is more than four times the amount appropriated by the state premium subsidy program for 2021.*

Enrollee Income Group (by FPL Bracket)	Annual Value of American Rescue Plan Premium Subsidies in 2022	Count of Covered California Enrollees
0-150% FPL	\$160,000,000	270,000
0-200% FPL	\$565,000,000	706,000
0-250% FPL	\$861,000,000	955,000
0-300% FPL	\$1,098,000,000	1,171,000
0-400% FPL	\$1,286,000,000	1,395,000
0-600% FPL	\$1,575,000,000	1,484,000
All enrollees**	\$ 1,617,000,000	1,519,000

** Includes the value of premium subsidies provided to individuals above 600% of the FPL who qualify for assistance under the American Rescue Plan if the cost of their benchmark plan exceeds 8.5% of their income.

* For the plan years 2020 and 2021, \$428,629,000 and \$348,939,000, respectively, were appropriated for the state premium subsidy program.

SCENARIO 2: ARP SUBSIDIES ARE EXTENDED WITH FEDERAL FUNDING FOR COST-SHARING

✓ = benefit or eligibility enhancement
 ■ = richer CSR support

Option	Summary	Description	Up to 150% FPL		150-200% FPL		200-250% FPL		250-300% FPL		300-400% FPL		400-600% FPL		Annual Cost by Tier Switching Scenarios 1, 2, and 3 (millions)			
			CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	Current	Some Tier Switching
	Current CSR Eligibility		CSR Eligible						CSR Ineligible									
	AV of ACA Silver Products		94		87		73		70		70		70					
1	AV 95/90/85/80 with no deductibles	New eligibility for CSR up to 600% FPL. New products (min AV 80) under 600% FPL. No deductibles at any income below 600% FPL.	95		95		90		90		85		80		\$475	\$542	\$626	
			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓					
2	AV 95/90/85 with no deductibles	New eligibility for CSR up to 400% FPL. New products (min AV 85) under 400% FPL. No deductibles at any income below 400% FPL.	95		95		90		90		85		70		\$463	\$526	\$604	
			✓		✓	✓	✓	✓	✓	✓	✓	✓						
3	ACA CSR plan upgrade with no deductibles and Gold AV for 300-400% FPL	New eligibility for CSR up to 400% FPL. New CSR products (min AV 80) up to 400% FPL.	94		94		87		87		80		70		\$386	\$433	\$489	
			✓		✓	✓	✓	✓	✓	✓	✓	✓						



Adapted from Table 5 in the Milliman AB 133 Health Care Affordability companion report.

https://hbex.coveredca.com/stakeholders/AB_133_Health_Care_Affordability_Working_Group/Bringing-Care-Within-Reach-Milliman-Companion-Report-1-06-22.pdf

SCENARIO 3: ARP SUBSIDIES ARE EXTENDED WITHOUT FEDERAL FUNDING FOR COST-SHARING

✓ = benefit or eligibility enhancement
 ■ = richer CSR support

Option	Summary	Description	Up to 150% FPL		150-200% FPL		200-250% FPL		250-300% FPL		300-400% FPL		400-600% FPL		Annual Cost by Tier Switching Scenarios 1, 2, and 3 (millions)		
			CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	CSR Upgrade	No Deductible	Current
	<i>Current CSR Eligibility</i>		<i>CSR Eligible</i>						<i>CSR Ineligible</i>								
	<i>AV of ACA Silver Products</i>		94		87		73		70		70		70				
4	ACA CSR plan upgrade with no deductibles and Gold AV for 250-400% FPL	New eligibility for CSR up to 400% FPL. New CSR products (min AV 80) up to 400% FPL.	94	94	87	80	80	70	70	70					\$362	\$403	\$452
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
5	ACA CSR plan upgrade for 150-250% FPL	Richer CSR below 250% FPL, moving Silver 87 to Silver 94 and Silver 73 to Silver 87.	94	94	87	70	70	70	70	70					\$278	\$299	\$322
				✓	✓												
6	ACA CSR plans with no deductibles and Gold AV for 200-400% FPL	New CSR product (AV 80) for 200-400% FPL. No deductibles at any income below 400% FPL.	94	87	80	80	80	70	70	70					\$128	\$154	\$189
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
7	ACA CSR Plans with no deductibles	Existing CSR products across the income spectrum. No deductibles at any income below 400% FPL.	94	87	73	73	73	70	70	70					\$37	\$45	\$55
			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					



Adapted from Table 5 in the Milliman AB 133 Health Care Affordability companion report.

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CONSIDERATIONS FOR IMPLEMENTATION AND TIMELINE

- Launching a state-administered cost-sharing program in 2023 will require a significant workload on a compressed timeline, as many decisions surrounding benefit designs need to be made early within the 2022 calendar year.
- Covered California will continue to work closely with the Administration and the Legislature to make decisions on the design of a state-administered cost-sharing reduction program as clarity about federal funding emerges.



Information for consumers

CoveredCA.com

Information on exchange-related activities

hbex.CoveredCA.com